

School Finance

Monthly Newsletter

July 2014

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July Payments

Proposition C

The payment was based on the 2012-13 weighted average daily attendance (WADA) used in the June Proposition C payment. The August Proposition C payment may use the 2013-14 WADA.

Classroom Trust Fund

The payment was calculated using the 2013-14 average daily attendance data (ADA) if the ADA was greater than zero; otherwise, the 2012-13 ADA was used. Adjustments will be made in future months to reflect districts’ 2013-14 data submissions.

Transportation – The payment was based on the June 2014 Transportation payment data and the FY2014 Transportation allocation. The August payment will also use the June 2014 Transportation payment data.

Professional Development (1%) Money

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district’s June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year’s Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title programs. Expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

2013-14 Audit Confirmation Report

The 2013-14 Revenue Audit Confirmation Report provides a summary of all the payments made to the district during the 2013-14 year and is available at the web site which follows. The totals on the report should correspond to the district’s records for each type of revenue received from DESE. Amounts received at times other than the regularly scheduled monthly payments (off-line payments) are not included on the audit confirmation. If an Annual Secretary of the Board Report (ASBR) revenue edit is generated and the difference is due to an “off-line” payment, describe the payment and the amount in the Remarks section of the ASBR. A Remark may also be necessary if an edit is generated because the district refunded monies to the state.

To print a copy of the Audit Confirmation Report, go to public applications on the DESE web applications website located at <https://k12apps.dese.mo.gov/webLogin/login.aspx> and follow the steps listed:

1. Select "Public Applications" on the login page
2. Select "School Finance Menu" on the page titled user applications
3. You will be directed to a [District Select Page](#)
4. Select the district for the audit confirmation you wish to retrieve and hit the [select](#) button
5. Select "Reports" on the next page
6. You will be directed to [School Finance – Reports](#) page
7. Make sure the year that is showing is the "2013-2014" year and the month is "June"
8. Select the [Audit Confirmation](#) link under the section titled [Annual Financial Reports](#)
9. Report will open in a new window

If the report does not open make sure you do not have a pop-up blocker turned on (tell the pop-up blocker to allow pop-ups on this site). Also, make sure you are using Microsoft Internet Explorer.

Tax Rate Hearing Notice

Effective August 28, 2007, a requirement was added to Section 67.110, RSMo, which requires each school district to include information regarding additional revenue to be received from new construction and reassessment separately and to show a percent of additional new revenue from reassessment in the tax rate hearing notice.

Setting 2014-15 Tax Levies

The district should have received the 2014 State Auditor's Office forms for computing the 2014 tax rate ceiling for operations and the debt service maximum levy. These forms should be completed as soon as possible and forwarded through the appropriate channels. Establishing the tax rate ceiling is fundamental in determining the actual adjusted tax levy and the placement of the levy by fund. A tax rate calculator is available on the State Auditor's web page at www.auditor.mo.gov.

A District Tax Reduction Worksheet (more commonly referred to as the Prop C Rollback Worksheet) is available on the web at <http://www.dese.mo.gov/divadm/finance/tools/>. For those districts completing the Prop C Rollback Worksheet, data for Line 1b (if applicable) may be found on Proposition C Compliance letters posted to the website in May and also available at http://dese.mo.gov/sites/default/files/sf-PropCandSAO_estimated-SARRU-7-7-14.pdf. The data for Line 2a of the Prop C Rollback Worksheet and the data for Line 14 of the State Auditor's Office tax rate ceiling form can be found on the School Finance website by clicking on Data and Reports and then clicking on Estimated State Assessed Revenues used in the Tax Rate and Prop C Rollback Calculations. Districts who received voter approval for a full waiver of the Proposition C rollback do not need to complete the Prop C Rollback Worksheet.

Estimate of Required Local Taxes Form

The **Estimate of Required Local Taxes** form is available in an Excel file version for districts to enter the appropriate information and print to send to the county(ies) in which the district is located. This Excel file is available at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools> for use in filing the district's 2014 tax levies by fund with your county(ies). One form is to be sent to each county clerk in which the school district has assessed valuation. In addition to the summary information filed on the form, the unadjusted and adjusted levies by fund are reported.

The unadjusted levy for operations is defined as the tax rate ceiling for operations minus any voluntary rollback for operations. The tax rate for operations may be placed in the Incidental, Teachers and/or Capital Projects Funds at the discretion of the district. The unadjusted levy for the Debt Service Fund is defined as the State Auditor's calculated tax rate for debt service minus any voluntary rollback (the actual rate levied). The unadjusted and adjusted tax rates for the Debt Service Fund and the Capital Projects Fund are always the same because there is no rollback for Proposition C allowed in these funds.

The adjusted levy for operations is defined as the unadjusted levy for school purposes minus the Proposition C rollback in the Incidental and/or Teachers Fund, as appropriate, plus the Capital Projects Fund levy, if applicable. The total adjusted tax levy equals the adjusted levy for operations plus the adjusted levy for the Debt Service Fund. A district that does not have a Proposition C rollback (i.e., a district with a voter approved full waiver) will set the unadjusted and adjusted levies the same for each fund. Please pay particular attention to the asterisk footnotes on the form.

The information reported to the county(ies) on the **Estimate of Required Local Taxes** should be the same as that reported by the district on Screen 6 of the 2014-15 August Core Data Collection Cycle. If adjustments are made to the levies during the year, please ensure that the appropriate corrections are made with the county, State Auditor's Office, and DESE on Screen 6 of Core Data. Direct questions regarding the completion of the **Estimate of Required Local Taxes** Excel file form to the School Finance Section at (573) 751-0357.

2013-14 Annual Secretary of the Board Report

The 2013-2014 Annual Secretary of the Board Report (ASBR) program is available by logging into the DESE Web Applications at <https://k12apps.dese.mo.gov/webLogin/login.aspx>.

A few reminders for working in the new ASBR system:

- A complete list of changes for the 2013-2014 ASBR can be located on the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/annual-secretary-board-report-asbr>.
- To navigate to different sections of the ASBR use the blue hyperlinks on the left hand navigational menu.
- To obtain detailed information regarding the navigation of the ASBR, access to the ASBR, printing options, the file transfer process, etc. please select the ASBR Help Document on the left hand navigational menu.
- Edits can be viewed by selecting the Edits link located on the top portion of the header row. The user will have to select the Edits button and then select the Run Edits button to view the edits.
- All edit errors will be located at the top of the Edit listing. If there are no edit errors the submit button will be enabled. If the district has edit errors generating on the edits page the submit button will not appear until all errors have been resolved.
- To submit the ASBR, select Edits, select Run Edits, if there are not edit errors generating and the user has submit authority the submit button will appear on the top of the Edits page.
- Save often when entering data in the ASBR system.
- Check the message board in the new system for updates related to the program.

If the user doesn't have access to the ASBR on the DESE web applications menu please contact the district's user manager or complete the login request form at <http://dese.mo.gov/dsm/websystemuserid.htm>.

The 2013-14 Annual Secretary of the Board Report (ASBR) must be submitted via the Web Applications by the due date of midnight, August 15, 2014, or the September Basic Formula payment will be held until October. Continued delay in submitting the ASBR will result in continued holding of the payment.

Fiscal Year 2014 Audit Process/Submission

The process for submitting and resolving school district audits will become more automated beginning with the upcoming fiscal year 2014 audit cycle. DESE is currently working to enhance its Tiered Monitoring system to include an audit component. The new system will automate several manual processes and provide a systematic, interactive approach to resolving audit findings.

The audit component is being designed so that districts and charters may upload electronic copies of their fiscal year 2014 audit, board minutes, and management letter directly into the Tiered Monitoring System. Communication between DESE and district/charter personnel regarding the audit will be achieved using the Tiered Monitoring system. Additional audit documentation may also be uploaded to the system.

To prepare for system implementation, districts and charters are advised to obtain an electronic copy of their completed fiscal year 2014 audits. Use of the system is mandatory. The audit submission deadline of December 31 will not be affected by the implementation of the new process. For steps on how obtain access to the tiered monitoring system and to upload the required audit documentation, see the School Audits webpage at <http://dese.mo.gov/financial-admin-services/school-audits>.

June 2014 Cycle Attendance

The June 2014 Cycle Attendance Report is available on the web for district review. To access this report log on to the DESE Web Applications website located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2013-14 and select the Reports option on the left hand side of the page. Select Summary Reports, and then select the desired report (for Attendance Hours Report, select the 2013-14 year, click on Attendance Hours, and then click Get Report to view all buildings). The Attendance Hours Report shows the 2013-14 district attendance hours by grade by building and the average daily attendance for the building and the district. School Finance will contact districts when data quality concerns are noted.

September Membership Comparison

September Membership reports are now available on the web. Log on to the DESE Web Applications Page located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2013-14 and select the Reports option on the left hand side of the page. Select Summary Reports. Two September Membership reports are listed for review. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected.

If there is a shift in membership numbers between the 2013 year and the 2012 year, the data indicators may have been reported incorrectly. The September 2013 membership data by county will be reported to each county to be used in various county payments to school districts during the 2014-15 year. The accuracy of the payments is dependent on the accuracy of the membership data. A January Membership report is also available.

Please review the membership data. If reporting errors are found, update the September 2013 membership via MOSIS. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

2014-2015 ACH Dates

The 2014-2015 Automated Clearinghouse (ACH) transfer dates as provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

July 21, 2014	January 21, 2015
August 21, 2014	February 20, 2015
September 22, 2014	March 20, 2015
October 21, 2014	April 21, 2015
November 21, 2014	May 21, 2015
December 22, 2014	June 22, 2015

Transfers – 7%, 5%, and Transportation

The final \$162,326 or 7% x SAT x WADA transfer, the Designated Levy or 5% x SAT x WADA transfer, and transportation transfer are available on the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>. These are the final calculations for the 2013-2014 year.

SCHOOL GOVERNANCE

Residency Issues

It is approaching that time of year when students will be registering for school and the district will be dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found on the school governance website at <http://dese.mo.gov/financial-admin-services/school-governance/residency>. If you have questions regarding residency call School Financial and Administrative Services at (573) 751-0357.

Playground Safety

The National Program for Playground Safety provides information to help insure safe playgrounds for schools across the nation. The NPPS website can be found as a link on the school governance web page under school safety or go directly to <http://www.uni.edu/playground>.

MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 28 – September 30, 2014, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/annual-conference.html>.

SCHOOL TRANSPORTATION

Operation Lifesaver's School Bus Driver e-Learning Program Available

Operation Lifesaver's (OLI) School Bus Driver e-Learning Program is now available and is an interactive online experience for school district and contracted school bus drivers. The program brings attention to choices bus drivers often make around tracks and trains and is intended to help bus drivers make safer decisions around the tracks. This program can be found at <http://oli.org/schoolbusdriver>.

School Bus Inspections

All Missouri school buses are required to be inspected as follows:

- Within 60 days prior to operating the vehicle during the school year at an official inspection station
- Spring Missouri State Highway Patrol inspection
- School bus drivers are required to perform a daily pretrip inspection.

Annual School Bus Driver Training Required

Missouri law requires that each school bus driver receive at least 8 hours of annual training. This includes regular route drivers, sub drivers, activity and field trip drivers, and school district staff members such as coaches and teachers who drive school buses. Training records should include who attended the training, when the training was provided, and the contents of the training.

"Ride-Along" Programs For Bus Drivers' and Staff's Children

DESE periodically reviews concerns relating to so-called "ride-along" programs that allow school bus drivers and other staff to bring their young children on school buses while driving their transportation routes, driving activity and field trips, or acting as chaperons and sponsors.

School buses are licensed pursuant to Sections 301.010 and 302.010, RSMo, solely to transport pupils to and from school or elsewhere for educational purposes. They are not licensed to carry the preschool-age children of the drivers and other staff or any children not enrolled in a school district program.

The current status of Missouri's governmental tort immunity law makes transportation services an area of critical concern for school districts. Specifically, Section 537.600.1(1), RSMo, provides that governmental tort immunity is expressly waived for:

Injuries directly resulting from the negligent acts or omissions by public employees arising out of the operation of motor vehicles or motorized vehicles within the course of their employment.

This means that public school employees may NOT have tort immunity protection when they are operating motor vehicles. Added to this is the possible distraction of drivers having one or more of their own young children to care for while supervising students on the bus. The Missouri State Highway Patrol has expressed similar safety concerns about driver distraction. DESE recommends that any ride-along program be reviewed with the district's liability insurance carrier.

Deputy Commissioner's Comments

Revenue Trends YTD

	YTD as of June FY13	YTD as of June FY14	Revenue Change	% Change
Individual Income Taxes	\$6,370,000,000	\$6,350,000,000	(\$20,000,000)	-0.31%
Sales & Use Taxes	\$1,900,000,000	\$1,970,000,000	\$70,000,000	3.68%
Corporate Inc. & Franchise	\$525,700,000	\$540,700,000	\$15,000,000	2.85%
Other Collections	\$470,900,000	\$419,300,000	(\$51,600,000)	-10.96%
Increase in Revenue YTD			\$13,400,000	0.14%
Refunds (YTD)	\$1,180,000,000	\$1,280,000,000	(\$100,000,000)	8.47%
(A decrease in refunds enhances New Revenue. An increase in refunds diminishes Net Revenue.)				
Actual Net Revenue Status YTD	\$8,086,600,000	\$8,000,000,000	(\$86,600,000)	-1.07%

Adjusted FY14 Revenue:	\$8,086,600,000	(\$46,600,000)	-0.58%
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This information reflects the comparison of net revenue after an adjustment due to a one-time receipt of a \$40,000,000 mortgage settlement to Missouri that was posted July 2012 in Other Revenue.

Gaming Revenue YTD

	Current Year	Prior Year	% Change
Total Gaming Proceeds to Education	\$315,572,915	\$328,720,213	-4.00%
Gaming Revenue Appropriated	\$385,580,321		
Classroom Trust Fund Distribution	\$348,582,469		
(Includes \$32,999,553 Carryover from FY13)			

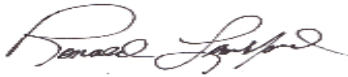
1. **General Revenue Trend:** Recent news reports have clearly portrayed the reality of the revenues for FY14. At the beginning, few anticipated the down turn that would be experienced by the year's end. The above information gives a snapshot for the year. As we move into FY15, one can only speculate as to whether or not a turn to a more positive position will be forthcoming.
2. **Gaming Revenues:** Gaming revenues continued to slide with revenues declining by four percent (4%) and fall well short of the appropriated amount for FY14. As with other revenue sources, it is too early to predict whether or not the downward trend will continue or if it will stabilize. The current year's appropriation mitigated the shortage somewhat by reducing the appropriation by \$32 million from gaming revenues. Even though that figure was reduced by that amount, it is still approximately \$38 million above what was actually generated in FY14.
3. **Proposition C:** The only strong positive move in revenue for FY14 was in Prop C. In fact, revenue exceeded the appropriation level by \$10 million which was carried over and will be reflected in the July distribution. Though the year ended strong and the July payment will reflect such, we remind you of what was said in last month's memo.

As was noted earlier in the memo, the appropriation for Prop C was increased to \$827,500,000 for FY15. While this was a very good year, it is not certain that it will be possible to replicate it, and in addition, increase it by \$35 million.

As we prepare for the 2014-15 school year, it does not seem that there is much cause for celebration relative to financial issues. When I look back, however, over the twenty-eight years I have dealt with school funding issues either at the local or state level, the month of July has always been a challenge. Even in years when funding was on the rise for most districts, school leaders and boards of education had to wrestle through the decision-making process associated with the allocation of resources. Pressures always arise, but certainly they are greater in the years where funding is uncertain or on the decline as has been the case for several school years across the nation and in our state.

My best to each of you as hard decisions are being made to finalize budgets and make necessary adjustments to budgets that may have recently been thought to be final. In the end, the goal is to serve the students that are within our districts and seek to assure their preparation for their future. Though the task is not easy, there is nothing I have believed over the past forty-two years to be more noble than committing our best efforts toward those who depend on us to make good decisions on their behalf.

Best wishes,



Ron Lankford

School Finance

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